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Authority for Consumers & Markets



NMa fines two cartels in agricultural industry

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The Netherlands Competition Authority (NMa) has imposed fines on two cooperatives of bell pepper growers, and on five growers and processors of silverskin onions, totaling EUR 23 million. The cooperatives involved in the bell pepper cartel concluded price-fixing agreements. The growers and processors in the silverskin onion cartel concluded agreements on the maximum sown area of silverskin onions. Cartels are prohibited because the agreements the undertakings make amongst each other, rather than supply and demand, determine the price of the products involved. Consumers and other buyers might thus pay too high a price for these products. The NMa had been notified of the bell pepper cartel by a leniency applicant. Henk Don, member of the Board of the NMa, comments: 'The goal of the leniency program is to make cartelists nervous. There is always that possibility that one of them secretly contacts the NMa. That is what happened in this particular case, which goes to show once again that the leniency program is effective.'

Three bell pepper grower cooperatives and sales organizations participated in a price-fixing cartel between May 2006 and February 2009. They have been imposed fines, totaling EUR 14 million. The undertakings involved are: UWG (EUR 7 million), Rainbow (EUR 7 million) and ZON, whose combined market share is roughly 30 to 40 percent. In 2010, total turnover in the Dutch bell pepper industry amounted to approximately EUR 400 million. Through their cartel, these undertakings kept purchase prices artificially high. In addition, they also agreed to use minimum prices, to 'respect' each others' customers, and to manipulate the prices at ZON's produce auctions. Sales organization ZON has escaped a fine because it informed the NMa of the cartel's existence before any investigation had started. Florpartners was involved in the cartel as cartel facilitator, organizing cartel meetings, and has thus been imposed a fine of EUR 5,000. Its fine marks the second time the NMa has fined a cartel facilitator.

Several undertakings that grow and process silverskin onions participated in a cartel between 1998 and 2010, and made agreements on the maximum area of land to sow silverskin onions. Five undertakings have been fined more than EUR 9 million. These are TOP (EUR 6,275,000), VECO (EUR 1,139,000), CROP (EUR 1,012,000), Thopoi (EUR 450,000) and Primofin (EUR 450,000).

The combined production volume of the Dutch undertakings involved in this cartel represents 70 percent of European-produced silverskin onions. Annual sales of silverskin onions in the EU are roughly EUR 15 million. The abovementioned undertakings restricted supply, a move they benefited from as a reduction in supply leads to a higher price of silverskin onions. In order to prevent new undertakings from entering the market, the undertakings also bought up assets of companies that had ceased operations. In addition, for several years, they kept each other informed about the silverskin onion prices that they would charge their customers, the canned food industry.

The fines were set based on the reports the NMa drew up after carrying out its investigations and after taking into account the undertakings' opinions thereon. The undertakings in question have the opportunity to file objections or appeals against these fining decisions with the NMa and with the District Court of Rotterdam respectively.

The NMa is calling on individuals that have information about cartels to inform the NMa thereof by calling the NMa Information and Tip-Off Line on +31-70-330-1306. The NMa also has a program for anonymous informants. Undertakings and individuals that are involved in a cartel can file a leniency request with the NMa's Leniency Office by calling +31-70 330 17 10.

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